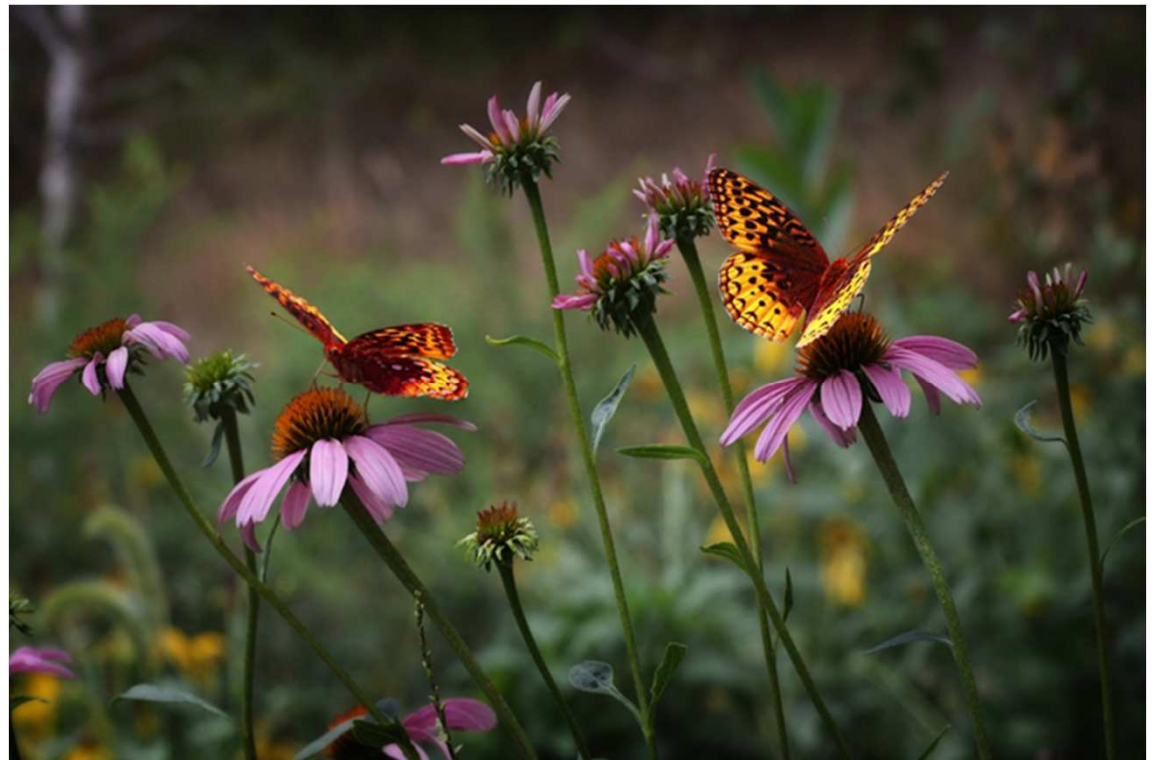


Water Quality Trading 3/11/16

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Director's Office



Today's Proposed Agenda

1. Introductions
2. Notes from February 26, 2016 Meeting
3. Presentation – Southern MN Sugar Beet Coop
4. Trading Elements – last 4 + funding question
5. Overall Program Structure
6. Document Structure
7. Test Case
8. Early Draft of Sections
9. Working Forward

4a. Extreme Events

- Some defined
- Practice failure rates can be incorporated into Trading Ratio as a risk factor (low rate)
- Clearinghouse and multi-year credit lifespan buffer the impact of events (one-year recovery?)
- Extreme event regulations on point sources
- What do we need to say about non-clearinghouse agricultural practices?

4b. Funding the Clearinghouse and Common Infrastructure

- Not SWCP funding (non-negotiable)
- Must be stable and sufficient even in the absence of abundant trading (pilot stage, early programs)
- Not directly scalable at small scale

Options?

Suggestions?

4c. Trading Ratios

Trading ratios depend on:

- Trading area extent, stream structure and attenuation of traded pollutants (Delivery Ratio) **Variable by program**
- Practice Failure and Extreme Events
Fixed by type - PS or NPS
- Uncertainty risk
- Equivalency ratio, where applicable

4c. Trading Ratios (part 2)

May compound into a single number, but
explanation for the basis of that number required.
(Point to Point or Clearinghouse)

May keep separate, if location or practice
dependent.
(Point to Point or Independent)

4d. Adaptive Management

- Encourage pilot trading programs
- Require periodic reports on pilot programs
- Revisit framework and procedures (roughly two years from implementation)
- NPS credit valuations reviewed with NTT
- Apply changes in practice values at time of permit renewal (5 year cycle)
- Permit cycle certainty – Policy changes occur at change of permit

4e. Ecosystem Services

No double dipping for credits under Clean Water Act (e.g. Section 404 mitigation)

Must show calculations on valuations in both systems, if some are to be used in trading

Can claim other credits earned, as appropriate, if not Water Quality related (e. g. carbon credits)

5. Overall Structure of Program

- Water quality driver assures responsiveness
- High flexibility to fit local conditions
- Use of SWCP practices and tools as a NPS base and reinvestment in the watershed
- 13 elements – mix of state-wide and local
- Potential for clearinghouse to lower costs and burden

Overall satisfaction; discomfort or need to discuss specific elements or topics

6. Document Structure

Goals and Use

Definitions

Common Infrastructure

Elements (elective^{***}, uniform)

References

Note – Procedures document is separate

7. Creating a Test Case

- a. Choose a community
- b. Look at credits available in watershed(s)
- c. Check for prices of credits

Result: Very rough, order of magnitude calculation for informational purposes and scaling

d. Suggestions; Volunteers?

8. Draft Document

Initial Impressions

Concerns

What did you like?

What needs to be changed, added, etc. to the sections distributed?

Schedule

April 15 – Draft of text out

April 29 – Meeting

May 13 – Comments due on draft

May 27 – Second Draft out

June 6 – Last chance for pre-public version comments

June 20 - Draft to public notice *****

July 13 – CWC meeting – public hearing

Roles and Responsibilities

Topic Editor – Work on a single or a few sections

Overall Editor – Check for grammar, form, continuity

Sounding Board – I can call if needed on a topic or topics

Sign-up in back (write neatly please)

Name, e-mail, phone, Role,

Section(s)

Comments, Questions, Suggestions

Confidence in success?

What is going right?

What is your biggest concern?